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transair limited

**Interim Report for the Period Ended
JUNE 30, 1971**

July 27, 1971

TO THE SHAREHOLDERS OF TRANSAIR LIMITED

Enclosed are statements reflecting comparative operations for the first six months of the year. In view of the substantial changes in your Company's financial position, we are also enclosing the consolidated Balance Sheet as at June 30, 1971.

Revenues for the period total \$7.8 million compared with \$6.0 million in 1970. Net earnings in the second quarter of the year amounted to \$471,000 as compared to \$84,000 for the same period of last year. The net earnings for the first half of 1971 are \$154,000 as compared to a loss of \$76,000 in 1970.

The balance of the year should see continued improvement.

J. S. McBRIDE,
President.

transair limited

And Wholly Owned Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED JUNE 30, 1971

(unaudited)
(\$000 omitted)

	1971	1970
Revenue—Scheduled Operations	5874	4037
Charter and Other Revenue	1933	2023
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Total Revenue	7807	6060
Total Operating Expense	(6482)	(4991)
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Operating Profit (Loss) before Depreciation and Amortization ...	1325	1069
Non-operating Income and Expense	(375)	(313)
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Net Earnings before Depreciation and Amortization	950	756
Capital Gains	51	84
Depreciation and Amortization	(847)	(916)
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NET EARNINGS (LOSS) FOR THE PERIOD	154	(76)

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED JUNE 30, 1971

(unaudited)
(\$000 omitted)

	1971	1970
FUNDS PROVIDED:		
Operations, excluding charges not affecting working capital	856	756
Proceeds from issue of common shares	2567	215
Long-term debt financing	—	1588
Sale of Fixed Assets	286	256
Other	5	4
	<hr/>	<hr/>
	3714	2819
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FUNDS APPLIED:		
Deposits on equipment program ...	—	121
Purchase of Fixed Assets	471	3575
Deferred Charges	209	688
Payment of long-term debt	642	672
Dividends paid	—	—
Other	—	12
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	1322	5068
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INCREASE (DECREASE) IN WORKING CAPITAL	2392	(2249)

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1971

(unaudited)
(\$000 omitted)

	June 30 1971	Dec. 31 1970
ASSETS		
CURRENT ASSETS:		
Cash	47	117
Accounts Receivable—trade	2185	1801
—other	81	565
Inventories of parts, supplies, gasoline and oil—at cost	848	856
Prepaid expenses	83	134
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Total Current Assets	3244	3473
PROPERTY AND EQUIPMENT		
Aircraft and flight equipment	17341	17499
Land, buildings and ground equipment	1971	1962
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	19312	19461
Less accumulated depreciation	5429	5111
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Net fixed assets	13883	14350
DEVELOPMENT AND FLEET PRE-OPERATING COSTS	481	554
DEFERRED LEASE PAYMENTS	340	132
OTHER ASSETS	24	5
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TOTAL	17572	18514

	June 30 1971	Dec. 31 1970
LIABILITIES		
CURRENT LIABILITIES:		
Bank loans	1490	2420
Accounts payable and accrued liabilities	2025	2565
Sales tax payable	—	1045
Long-term debt due within one year	1248	1354
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Total Current Liabilities	4763	7384
LONG-TERM DEBT, less current portion included above	6518	7159
DEFERRED INCOME TAXES	986	986
SHAREHOLDERS' EQUITY		
Capital stock		
70c preference shares	200	200
Common shares	6269	3702
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	6469	3902
Deficit	764	917
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Total shareholder's equity	5705	2985
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TOTAL	17972	18514